



TO: Recipients of LSTA Grants

FROM: Mickie Potter, LSTA Analyst

SUBJECT: Federal Restrictions on USE of LSTA Funds

To clarify some of the more commonly-occurring questions regarding how Library Services and Technology Act (LSTA) funds can be used, the attached bulletin lists important highlights of allowable and unallowable costs that apply to LSTA grant projects, for the guidance of recipients. Administrators of LSTA grant projects are cautioned that they must abide by these regulations in conducting their projects and in allotting charges against grant funds.

In case of questions, please contact me at (916) 653-4730.

RESTRICTIONS ON THE USE OF LSTA GRANT FUNDS

The following explanations are extracted from Federal regulations that prescribe the allowable and unallowable expenses that may be incurred by grant award recipients which use Federal funds under LSTA. Governmental units and other grant recipients assume responsibility for administering federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of a Federal award. This list is intended for the advice and guidance of grant recipients under the Library Services and Technology Act (LSTA). In cases of ambiguity, uncertainties, or questions in identifying cost items or determining their allowability under Federal procedures, please contact Mickie Potter, LSTA Analyst, at (916) 653-4730.

ADVERTISING AND PUBLIC RELATIONS

Advertising costs are allowable only when incurred for the recruitment of personnel, the procurement of goods and services, the disposal of surplus materials, and other specific purposes necessary to meet the requirements of the Federal award. Public relations costs are allowable when incurred to communicate with the public and press pertaining to specific activities or accomplishments that result from performance of the Federal award. Costs of advertising and public relations at conventions, meetings or other events, including displays, demonstrations, exhibits, meeting rooms, hospitality suites, and special facilities used in conjunction with shows and special events; and salaries of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings are unallowable. Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.1. [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#1].

ALCOHOLIC BEVERAGES

Costs of alcoholic beverages are unallowable. Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.3. . [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#3].

CONTRIBUTIONS, DONATIONS, HONORARIUMS, STIPENDS

Contributions and donations, including cash, property, and services, that use grant funds and are made by grant recipients to others, regardless of the recipient, are unallowable. Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.12. . [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#12].

(NOTE: Honorariums and stipends are also unallowable. Wages, salaries, reimbursements, payment for work done, and fees charged by speakers are allowable)

ENTERTAINMENT

Costs of entertainment, including amusement, diversion, and social activities, and any costs directly associated with those, such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities are unallowable. Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.14. . [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#14].

FUND-RAISING

Costs of organized fund-raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or to obtain contributions, are unallowable. Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.17. . [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#17].

GENERAL GOVERNMENT EXPENSES

The general costs of government, including services normally provided to the general public, such as fire and police, are unallowable. Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.19. . [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#19].

INCOME FROM PROJECT

Project income, e.g., fees charged for the use of library space in the context of a grant project, or to recover out of pocket project-related costs, or to create products such as manuals, or for other expenditures directly related to and used for the purposes of the grant and accrued under the conditions of the grant award, are allowable. Source: [45 CFR, Part 1183.25](#) (revised 10/1/2006).

LOBBYING

The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements or loans, is unallowable. Costs of membership in organizations substantially engaged in lobbying are unallowable. Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.24. . [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#25].

MEMBERSHIPS, SUBSCRIPTIONS, AND PROFESSIONAL ACTIVITIES

Costs of the grant recipient's memberships in business, technical, and professional organizations are allowable. (NOTE: The State Library's policy is that use of LSTA funds for personal memberships in organizations is not permitted.) Subscriptions to business, professional, and technical periodicals are allowable. Costs of meetings and conferences, including meals, transportation, rental of meeting facilities, and other incidental costs, where the primary purpose is the dissemination of technical information, are allowable. Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.28 [membership]; B.27 [meetings and conferences]. . [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#28].

PREMIUMS, PRIZES, INCENTIVES, AND SOUVENIRS

Costs of promotional items and memorabilia, including models, gifts, and souvenirs, are unallowable. Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.1. . [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#1].

REFRESHMENTS

See ENTERTAINMENT (unallowable), and MEMBERSHIPS, SUBSCRIPTIONS, AND PROFESSIONAL ACTIVITIES (allowable).

TRAINING

The cost of training provided for employee development is allowable. Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.42. . [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#42].

TRAVEL EXPENSE

Travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees traveling on official business. Charges should be consistent with those normally allowed in like circumstances of the grant recipient organization in its regular operations and policy, in non-federally sponsored activities. An exception to this is that car mileage reimbursement for all awarded LSTA grants cannot exceed the State rate. Reimbursement is the preferred method of payment for travel expenses.

Source: OMB Circular A-87 revised, dated May 10, 2004, Attach. B.43. . [See Office of Management and Budget web page at http://www.whitehouse.gov/omb/circulars/a087/print/a87_2004.html#43].

(NOTE: The State Library's policy on out-of-state travel and conferences is that they are generally not allowed. There are exceptions, however, based on the importance of the travel and/or conference to the grant. If your grant will include out-of-state travel or attendance at an out-of-state conference, consult with your primary consultant beforehand to obtain State Library approval before scheduling the trip or registering for the conference.)